

Senate File 2391 - Introduced

SENATE FILE _____
BY COMMITTEE ON AGRICULTURE

(SUCCESSOR TO SSB 3198)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to renewable fuel, including by providing for
2 infrastructure associated with storing, blending, and
3 dispensing renewable fuel, providing standards for renewable
4 fuel, providing for state purchases of renewable fuel, and
5 providing an effective date.
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
7 TLSB 6470SV 82
8 da/nh/5

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1 1 DIVISION I
1 2 RENEWABLE FUEL INFRASTRUCTURE
1 3 Section 1. Section 15G.201, subsection 1, Code 2007, is
1 4 amended to read as follows:
1 5 1. "Biodiesel", "biodiesel blended fuel", "biodiesel
1 6 fuel", "E=85 gasoline", "ethanol", "ethanol blended gasoline",
1 7 "gasoline", "motor fuel", "motor fuel pump", "retail dealer",
1 8 and "retail motor fuel site" mean the same as defined in
1 9 section 214A.1.
1 10 Sec. 2. Section 15G.201, Code 2007, is amended by adding
1 11 the following new subsections:
1 12 NEW SUBSECTION. 4A. "Motor fuel pump" and "motor fuel
1 13 blender pump" or "blender pump" mean the same as defined in
1 14 section 214.1.
1 15 NEW SUBSECTION. 5A. "Tank vehicle" means the same as
1 16 defined in section 321.1.
1 17 Sec. 3. NEW SECTION. 15G.201A CLASSIFICATION OF
1 18 RENEWABLE FUEL.
1 19 For purposes of this division, ethanol blended fuel and
1 20 biodiesel fuel shall be classified in the same manner as
1 21 provided in section 214A.2.
1 22 Sec. 4. Section 15G.202, subsection 6, Code 2007, is
1 23 amended by striking the subsection.
1 24 Sec. 5. Section 15G.203, subsection 1, Code Supplement
1 25 2007, is amended to read as follows:
1 26 1. The purpose of the program is to improve retail motor
1 27 fuel sites by installing, replacing, or converting ~~motor fuel~~
1 28 ~~storage and dispensing infrastructure. The infrastructure~~
1 29 ~~must be to be used to store, blend, or dispense renewable~~
1 30 ~~fuel. The infrastructure shall be ethanol infrastructure or~~
1 31 ~~biodiesel infrastructure.~~
1 32 a. (1) Ethanol infrastructure shall be designed and shall
1 33 be used exclusively to store do any of the following:
1 34 (a) Store and dispense renewable fuel which is E=85
1 35 gasoline.
2 1 (b) Store, blend, and dispense motor fuel from a motor
2 2 fuel blender pump, as required in this subparagraph
2 3 subdivision. The ethanol infrastructure must provide for the
2 4 storage of ethanol or ethanol blended gasoline, or for
2 5 blending ethanol with gasoline. However, the ethanol
2 6 infrastructure must include a motor fuel blender pump that
2 7 dispenses different classifications of ethanol blended
2 8 gasoline and which must allow E=85 gasoline to be dispensed at
2 9 all times that the blender pump is operating.
2 10 (2) Biodiesel infrastructure shall be designed and used
2 11 exclusively to do any of the following:
2 12 (a) Store and dispense biodiesel, or biodiesel blended
2 13 fuel on.
2 14 (b) Blend or dispense biodiesel fuel from a motor fuel
2 15 blender pump.

2 16 b. The infrastructure must be a part of any of the
2 17 following:

2 18 (1) The premises of a retail motor fuel sites site
2 19 operated by a retail dealers dealer.

2 20 (2) A tank vehicle operated by a retail dealer. The
2 21 infrastructure is limited to the portion of the tank and fuel
2 22 pump used to store, blend, or dispense the renewable fuel.

2 23 Sec. 6. Section 15G.203, subsection 2, Code Supplement
2 24 2007, is amended to read as follows:

2 25 2. A person may apply to the department to receive
2 26 financial incentives ~~on a cost-share basis. The department~~
2 27 ~~shall forward the applications to the underground storage tank~~
2 28 ~~fund board as required by that board for evaluation and~~
2 29 ~~recommendation. The underground storage tank fund board may~~
2 30 ~~rank the applications with comments and shall forward them to~~
2 31 ~~the infrastructure board for approval or disapproval. The and~~
2 32 ~~the department shall award financial incentives on a~~
2 33 ~~cost-share basis to an eligible person whose application was~~
2 34 ~~approved by the infrastructure board.~~

2 35 Sec. 7. Section 15G.203, subsection 3, Code Supplement
3 1 2007, is amended by striking the subsection.

3 2 Sec. 8. Section 15G.203, subsection 4, paragraph b,
3 3 subparagraphs (3) and (4), Code Supplement 2007, are amended
3 4 to read as follows:

3 5 (3) A statement describing how the retail motor fuel site
3 6 is to be improved, the total estimated cost of the planned
3 7 improvement, and the date when the infrastructure will be
3 8 first used to store and dispense the renewable fuel.

3 9 (4) A statement certifying that the infrastructure shall
3 10 ~~not only be used to store or dispense motor fuel other than~~
3 11 ~~E-85 gasoline, biodiesel, or biodiesel blended fuel to comply~~
3 12 ~~with the provisions of this section and as specified in the~~

3 13 ~~cost-share agreement, unless granted a waiver by the~~
3 14 ~~infrastructure board pursuant to this section.~~

3 15 Sec. 9. Section 15G.203, subsection 6, Code Supplement
3 16 2007, is amended by striking the subsection.

3 17 Sec. 10. Section 15G.203, subsection 7, Code Supplement
3 18 2007, is amended to read as follows:

3 19 7. An award of financial incentives to a participating
3 20 person shall be on a cost-share basis in the form of a grant.
3 21 To

3 22 ~~in order to~~ participate in the program an eligible person
3 23 must execute a cost-share agreement with the department as
3 24 approved by the infrastructure board in which the person
3 25 contributes a percentage of the total costs related to
3 26 improving the retail motor fuel site. The infrastructure
3 27 board may approve multiple improvements to the same retail
3 28 motor fuel site for the full amount available for both ethanol
3 29 infrastructure as provided in paragraph "a" and biodiesel
3 30 infrastructure as provided in paragraph "b" so long as the
3 31 improvements for ethanol infrastructure and for biodiesel
3 32 infrastructure are made under separate cost-share agreements.

3 33 a. This paragraph "a" applies to the installation,
3 34 replacement, or conversion of ethanol infrastructure.

3 35 (1) Except as provided in paragraph "b" subparagraph (2),
4 1 a participating person may be awarded standard financial
4 2 incentives. The standard financial incentives awarded to the
4 3 participating person shall not exceed ~~fifty seventy~~ percent of
4 4 the actual cost of making the improvement or ~~thirty fifty~~
4 5 thousand dollars, whichever is less. The infrastructure board
4 6 may approve multiple awards of standard financial incentives
4 7 to make improvements to a retail motor fuel site so long as
4 8 the total amount of the awards does not exceed the limitations
4 9 provided in this ~~paragraph~~ subparagraph (1).

4 10 ~~b-~~ (2) In addition to any standard financial incentives
4 11 awarded to a participating person under paragraph "a"
4 12 subparagraph (1), the participating person may be awarded
4 13 supplemental financial incentives to upgrade or replace a
4 14 dispenser which is part of gasoline storage and dispensing
4 15 infrastructure used to store and dispense E-85 gasoline as
4 16 provided in section 455G.31. The person is only eligible to
4 17 receive the supplemental financial incentives if the person
4 18 installed the dispenser not later than sixty days after the
4 19 date of the publication in the Iowa administrative bulletin of
4 20 the state fire marshal's order providing that a commercially
4 21 available dispenser is listed as compatible for use with E-85
4 22 gasoline by an independent testing laboratory as provided in
4 23 section 455G.31. The supplemental financial incentives
4 24 awarded to the participating person shall not exceed
4 25 seventy-five percent of the actual cost of making the
4 26 improvement or thirty thousand dollars, whichever is less.

4 27 b. This paragraph "b" applies to the installation,
4 28 replacement, or conversion of biodiesel infrastructure.

4 29 (1) A participating person may be awarded financial
4 30 incentives. The financial incentives awarded to the
4 31 participating person shall not exceed the amount of the
4 32 cost-share schedule provided in this subparagraph or fifty
4 33 thousand dollars, whichever is less. The cost-share agreement
4 34 shall provide for the minimum classification of biodiesel fuel
4 35 to be stored, blended, or dispensed using the infrastructure

5 1 according to the following cost-share schedule:

5 2 (a) Fifty percent for biodiesel fuel classified as B=2 or
5 3 higher but not as high as B=5.

5 4 (b) Fifty-five percent for biodiesel fuel classified as
5 5 B=5 or higher but not as high as B=10.

5 6 (c) Sixty percent for biodiesel fuel classified as B=10 or
5 7 higher but not as high as B=20.

5 8 (d) Seventy percent for biodiesel fuel classified as B=20
5 9 or higher.

5 10 (2) The infrastructure board may approve multiple awards
5 11 of financial incentives to a retail motor fuel site so long as
5 12 the total amount of awards does not exceed the limitations
5 13 provided in this paragraph "b".

5 14 Sec. 11. Section 15G.204, subsection 1, Code Supplement
5 15 2007, is amended to read as follows:

5 16 1. A person may apply to the department to receive
5 17 financial incentives on a cost-share basis. The department
5 18 shall forward the applications to the underground storage tank
5 19 fund board as required by that board for evaluation and
5 20 recommendation. The underground storage tank fund board may
5 21 rank the applications with comments and shall forward them to
5 22 the infrastructure board for approval or disapproval. The and
5 23 the department shall award financial incentives on a
5 24 cost-share basis to an eligible person whose application was
5 25 approved by the infrastructure board.

5 26 Sec. 12. Section 15G.204, subsection 2, Code Supplement
5 27 2007, is amended by striking the subsection.

5 28 Sec. 13. Section 15G.204, subsection 4, Code Supplement
5 29 2007, is amended to read as follows:

5 30 4. a. An award of financial incentives to a participating
5 31 person shall be in the form of a grant. In order to
5 32 participate in the program, an eligible person must execute a
5 33 cost-share agreement with the department as approved by the
5 34 infrastructure board in which the person contributes a
5 35 percentage of the total costs related to improving the
6 1 terminal. The financial incentives awarded to the
6 2 participating person shall not exceed the following:

6 3 (1) For improvements to store, blend, or dispense
6 4 biodiesel fuel from B=2 or higher but not as high as B=99,
6 5 fifty percent of the actual cost of making the improvements or
6 6 fifty thousand dollars, whichever is less.

6 7 (2) For improvements to store, blend, and dispense
6 8 biodiesel fuel from B=99 to B=100, fifty percent of the actual
6 9 cost of making the improvements or one hundred thousand
6 10 dollars, whichever is less. The infrastructure board shall
6 11 not approve awards to terminals totaling more than one million
6 12 dollars under this subparagraph during any fiscal year.

6 13 b. The infrastructure board may approve multiple awards to
6 14 make improvements to a terminal so long as the total amount of
6 15 the awards does not exceed the limitations provided in this
6 16 subsection.

6 17 Sec. 14. Section 214.1, Code 2007, is amended to read as
6 18 follows:

6 19 214.1 DEFINITIONS.

6 20 For the purpose of As used in this chapter, unless the
6 21 context otherwise requires:

6 22 1. "Biofuel", "biodiesel", "biodiesel fuel", "ethanol",
6 23 "motor fuel", "retail dealer", "retail motor fuel site", and
6 24 "wholesale dealer" mean the same as defined in section 214A.1.

6 25 2. "Commercial weighing and measuring device" or "device"
6 26 means the same as defined in section 215.26.

6 27 3. "Motor fuel" means the same as defined in section
6 28 214A.1 fuel blender pump" or "blender pump" means a motor fuel
6 29 pump that dispenses a type of motor fuel that is blended from
6 30 two or more different types of motor fuels and which may
6 31 dispense more than one type of blended motor fuel.

6 32 4. "Motor fuel pump" means a pump, meter, or similar
6 33 commercial weighing and measuring device used to measure and
6 34 dispense motor fuel on a retail basis.

6 35 5. "Retail dealer" means the same as defined in section
7 1 214A.1.

7 2 6. "Wholesale dealer" means the same as defined in section

~~7 3 214A.1 "Motor fuel storage tank" or "storage tank" means an
7 4 aboveground or belowground container that is a fixture used to
7 5 store an accumulation of motor fuel.~~

7 6 Sec. 15. Section 214.9, Code 2007, is amended to read as
7 7 follows:

7 8 214.9 SELF=SERVICE MOTOR FUEL PUMPS.

~~7 9 Self-service A self-service motor fuel pumps pump located
7 10 at a retail motor vehicle fuel stations site may be equipped
7 11 with an automatic latch=open devices device on the fuel
7 12 dispensing hose nozzle only if the nozzle valve is the
7 13 automatic closing type.~~

7 14 Sec. 16. Section 214A.1, Code 2007, is amended by adding
7 15 the following new subsection:

7 16 NEW SUBSECTION. 4A. "Biodiesel fuel" means biodiesel or
7 17 biodiesel blended fuel.

7 18 Sec. 17. Section 214A.1, subsection 14, Code 2007, is
7 19 amended to read as follows:

7 20 14. "Motor fuel pump" and "motor fuel blender pump" or
7 21 "blender pump" means the same as defined in section 214.1.

7 22 Sec. 18. Section 214A.1, subsections 9 and 15, Code 2007,
7 23 are amended to read as follows:

7 24 9. "E=85 gasoline" means ethanol blended gasoline
7 25 formulated with a ~~minimum~~ percentage of between seventy and
7 26 eighty=five percent by volume of ethanol, if the formulation
7 27 meets the standards provided in section 214A.2.

~~7 28 15. "Motor fuel storage tank" means an aboveground or
7 29 belowground container that is a fixture, used to keep an
7 30 accumulation of motor fuel the same as defined in section
7 31 214.1.~~

7 32 Sec. 19. Section 214A.2, Code 2007, is amended by adding
7 33 the following new subsection:

7 34 NEW SUBSECTION. 4A. Ethanol blended gasoline shall be
7 35 designated E=xx where "xx" is the volume percent of ethanol in
8 1 the ethanol blended gasoline and biodiesel fuel shall be
8 2 designated B=xx where "xx" is the volume percent of biodiesel.
8 3 However, ethanol blended gasoline formulated with a percentage
8 4 of between seventy and eighty=five percent by volume of
8 5 ethanol shall be classified as E=85.

8 6 Sec. 20. Section 214A.2B, Code Supplement 2007, is amended
8 7 to read as follows:

8 8 214A.2B LABORATORY FOR MOTOR FUEL AND BIOFUELS.

8 9 A laboratory for motor fuel and biofuels is established at
8 10 a merged area school which is engaged in biofuels testing on
8 11 July 1, 2007, and which testing includes but is not limited to
8 12 ~~B20~~ B=20 biodiesel fuel testing for motor trucks and the
8 13 ability of biofuels to meet A.S.T.M. international standards.
8 14 The laboratory shall conduct testing of motor fuel sold in
8 15 this state and biofuel which is blended in motor fuel in this
8 16 state to ensure that the motor fuel or biofuels meet the
8 17 requirements in section 214A.2.

8 18 Sec. 21. Section 214A.3, subsection 2, paragraph b, Code
8 19 2007, is amended to read as follows:

8 20 b. (1) Ethanol blended gasoline sold by a dealer shall be
8 21 designated ~~E=xx where "xx" is the volume percent of ethanol in~~
~~8 22 the ethanol blended gasoline according to its classification~~
8 23 as provided in section 214A.2. However, a person advertising

8 24 E=10 gasoline may only designate it as ethanol blended
8 25 gasoline. A person shall not knowingly falsely advertise
8 26 ethanol blended gasoline by using an inaccurate designation in
8 27 violation of this subparagraph.

8 28 (2) Biodiesel ~~blended~~ fuel shall be designated ~~B=xx where~~
~~8 29 "xx" is the volume percent of biodiesel in the biodiesel~~
~~8 30 blended fuel according to its classification as provided in~~
8 31 section 214A.2. A person shall not knowingly falsely

8 32 advertise biodiesel ~~blended~~ fuel by using an inaccurate
8 33 designation in violation of this subparagraph.

8 34 Sec. 22. Section 455G.31, subsection 1, paragraph b, Code
8 35 Supplement 2007, is amended to read as follows:

9 1 b. "Gasoline storage and dispensing infrastructure" means
9 2 any storage tank located below ground or above ground and any
9 3 associated equipment including but not limited to a pipe,
9 4 hose, connection, fitting seal, or motor fuel pump, which is
9 5 used to store, measure, and dispense gasoline by a retail
9 6 dealer.

9 7 Sec. 23. Section 455G.31, subsection 1, Code Supplement
9 8 2007, is amended by adding the following new paragraph:

9 9 NEW PARAGRAPH. c. "Dispenser" includes a motor fuel pump
9 10 as defined in section 214.1, including but not limited to a
9 11 motor fuel blender pump.

9 12 Sec. 24. Section 15.401, Code 2007, is repealed.

9 13 Sec. 25. RENEWABLE FUEL INFRASTRUCTURE PROGRAMS ==

9 14 CONSIDERATION OF APPLICATIONS.

9 15 1. The renewable fuel infrastructure board created in
9 16 section 15G.202 may award financial incentives to a person
9 17 participating in the renewable fuel infrastructure program for
9 18 retail motor fuel sites for an amount provided in section
9 19 15G.203, subsection 7, as amended in this Act, if the person
9 20 applied to the department of economic development on or after
9 21 February 19, 2008.

9 22 2. The renewable fuel infrastructure board created in
9 23 section 15G.202 may award financial incentives to a person
9 24 participating in the renewable fuel infrastructure program for
9 25 terminal facilities for an amount provided in section 15G.204,
9 26 subsection 4, as amended in this Act, if the person applied to
9 27 the department of economic development on or after February
9 28 19, 2008.

9 29 Sec. 26. CONFLICT BETWEEN ACTS. Notwithstanding section
9 30 2B.13, subsection 1, paragraph "h", and section 4.13, the
9 31 amendments to section 214A.3 pursuant to this Act shall
9 32 prevail over the amendments to section 214A.3 pursuant to 2008
9 33 Iowa Acts, Senate File 2137, if enacted.

9 34 Sec. 27. SECRETARY OF AGRICULTURE == APPLICATION TO THE
9 35 UNITED STATES ENVIRONMENTAL PROTECTION AGENCY. The secretary
10 1 of agriculture shall make application to the United States
10 2 environmental protection agency to obtain approval for the use
10 3 of ethanol blended gasoline containing more than ten percent
10 4 ethanol by volume in this state by gasoline-powered vehicles
10 5 other than flexible fuel vehicles. The application shall, as
10 6 necessary, seek a waiver of relevant standards promulgated by
10 7 the agency under the federal Clean Air Act, including but not
10 8 limited to 42 U.S.C. } 7545 and 40 C.F.R. pt. 80. Within
10 9 sixty days after obtaining such approval, the secretary of
10 10 agriculture shall publish a notice in the Iowa administrative
10 11 bulletin certifying the approval.

10 12 Sec. 28. EFFECTIVE DATE. This division of this Act, being
10 13 deemed of immediate importance, takes effect upon enactment.

10 14 DIVISION II
10 15 GOVERNMENT FLEET PURCHASES
10 16 OF RENEWABLE FUELS

10 17 Sec. 29. Section 8A.362, subsection 3, paragraph b, Code
10 18 Supplement 2007, is amended to read as follows:

10 19 b. A gasoline-powered motor vehicle operated under this
10 20 subsection shall not operate on gasoline other than ethanol
10 21 blended gasoline as defined in section 214A.1, unless under
10 22 emergency circumstances. A diesel-powered motor vehicle
10 23 operated under this subsection shall not operate on diesel
10 24 fuel other than biodiesel fuel as defined in section 214A.1,
10 25 if available. A state-issued credit card ~~used to purchase~~
10 26 ~~gasoline~~ shall not be valid to purchase gasoline other than
10 27 ethanol blended gasoline, if commercially available, ~~or to~~
10 28 ~~purchase diesel fuel other than biodiesel fuel, if available.~~

10 29 The motor vehicle shall also be affixed with a brightly
10 30 visible sticker which notifies the traveling public that the
10 31 motor vehicle is being operated on ethanol blended gasoline ~~or~~
10 32 ~~biodiesel fuel, as applicable.~~ However, the sticker is not
10 33 required to be affixed to an unmarked vehicle used for
10 34 purposes of providing law enforcement or security.

10 35 Sec. 30. Section 216B.3, subsection 16, paragraph a, Code
11 1 Supplement 2007, is amended to read as follows:

11 2 a. A gasoline-powered motor vehicle purchased by the
11 3 commission shall not operate on gasoline other than ethanol
11 4 blended gasoline as defined in section 214A.1. A
11 5 diesel-powered motor vehicle purchased by the commission shall
11 6 not operate on diesel fuel other than biodiesel fuel as
11 7 defined in section 214A.1, if available. A state issued
11 8 credit card ~~used to purchase gasoline~~ shall not be valid to
11 9 purchase gasoline other than ethanol blended gasoline ~~or to~~
11 10 ~~purchase diesel fuel other than biodiesel fuel, if available.~~

11 11 The motor vehicle shall also be affixed with a brightly
11 12 visible sticker which notifies the traveling public that the
11 13 motor vehicle is being operated on ethanol blended gasoline ~~or~~
11 14 ~~biodiesel fuel, as applicable.~~ However, the sticker is not
11 15 required to be affixed to an unmarked vehicle used for
11 16 purposes of providing law enforcement or security.

11 17 Sec. 31. Section 260C.19A, subsection 1, Code Supplement
11 18 2007, is amended to read as follows:

11 19 1. A gasoline-powered motor vehicle purchased by or used
11 20 under the direction of the board of directors to provide
11 21 services to a merged area shall not operate on gasoline other
11 22 than ethanol blended gasoline as defined in section 214A.1. A
11 23 diesel-powered motor vehicle purchased by or used under the
11 24 direction of the board of directors to provide services to a

11 25 merged area shall not operate on diesel fuel other than
11 26 biodiesel fuel as defined in section 214A.1, if available.
11 27 The motor vehicle shall also be affixed with a brightly
11 28 visible sticker which notifies the traveling public that the
11 29 motor vehicle is being operated on ethanol blended gasoline or
11 30 biodiesel fuel, as applicable. However, the sticker is not
11 31 required to be affixed to an unmarked vehicle used for
11 32 purposes of providing law enforcement or security.

11 33 Sec. 32. Section 262.25A, subsection 2, Code Supplement
11 34 2007, is amended to read as follows:

11 35 2. A gasoline-powered motor vehicle purchased by the
12 1 institutions shall not operate on gasoline other than ethanol
12 2 blended gasoline as defined in section 214A.1, unless under
12 3 emergency circumstances. A diesel-powered motor vehicle
12 4 purchased by the institutions shall not operate on diesel fuel
12 5 other than biodiesel fuel as defined in section 214A.1, if
12 6 available. A state-issued credit card used to purchase
12 7 gasoline shall not be valid to purchase gasoline other than
12 8 ethanol blended gasoline if commercially available or to
12 9 purchase diesel fuel other than biodiesel fuel, if available.

12 10 The motor vehicle shall also be affixed with a brightly
12 11 visible sticker which notifies the traveling public that the
12 12 motor vehicle is being operated on ethanol blended gasoline or
12 13 biodiesel fuel, as applicable. However, the sticker is not
12 14 required to be affixed to an unmarked vehicle used for
12 15 purposes of providing law enforcement or security.

12 16 Sec. 33. Section 279.34, Code Supplement 2007, is amended
12 17 to read as follows:

12 18 279.34 MOTOR VEHICLES REQUIRED TO OPERATE ON ETHANOL
12 19 BLENDED GASOLINE OR BIODIESEL FUEL.

12 20 A gasoline-powered motor vehicle purchased by or used under
12 21 the direction of the board of directors to provide services to
12 22 a school corporation shall not operate on gasoline other than
12 23 ethanol blended gasoline as defined in section 214A.1. A
12 24 diesel-powered motor vehicle purchased by or used under the
12 25 direction of the board of directors to provide services to a
12 26 school corporation shall not operate on diesel fuel other than
12 27 biodiesel fuel as defined in section 214A.1, if available.

12 28 The motor vehicle shall also be affixed with a brightly
12 29 visible sticker which notifies the traveling public that the
12 30 motor vehicle is being operated on ethanol blended gasoline
12 31 for biodiesel fuel, as applicable. However, the sticker is
12 32 not required to be affixed to an unmarked vehicle used for
12 33 purposes of providing law enforcement or security.

12 34 Sec. 34. Section 307.21, subsection 4, paragraph d, Code
12 35 Supplement 2007, is amended to read as follows:

13 1 d. A motor gasoline-powered vehicle purchased by the
13 2 administrator shall not operate on gasoline other than ethanol
13 3 blended gasoline as defined in section 214A.1. A
13 4 diesel-powered motor vehicle purchased by the administrator
13 5 shall not operate on diesel fuel other than biodiesel fuel as
13 6 defined in section 214A.1, if available. A state-issued

13 7 credit card used to purchase gasoline shall not be valid to
13 8 purchase gasoline other than ethanol blended gasoline or to
13 9 purchase diesel fuel other than biodiesel fuel, if available.

13 10 The motor vehicle shall also be affixed with a brightly
13 11 visible sticker which notifies the traveling public that the
13 12 motor vehicle is being operated on ethanol blended gasoline or
13 13 biodiesel fuel, as applicable. However, the sticker is not
13 14 required to be affixed to an unmarked vehicle used for
13 15 purposes of providing law enforcement or security.

13 16 Sec. 35. Section 331.908, Code 2007, is amended to read as
13 17 follows:

13 18 331.908 MOTOR VEHICLES REQUIRED TO OPERATE ON ETHANOL
13 19 BLENDED GASOLINE OR BIODIESEL FUEL.

13 20 A motor gasoline-powered vehicle purchased or used by a
13 21 county to provide county services shall not operate on
13 22 gasoline other than ethanol blended gasoline as defined in
13 23 section 214A.1. A diesel-powered motor vehicle purchased or
13 24 used by a county to provide county services shall not operate
13 25 on diesel fuel other than biodiesel fuel as defined in section
13 26 214A.1, if available. The motor vehicle shall also be affixed

13 27 with a brightly visible sticker which notifies the traveling
13 28 public that the motor vehicle is being operated on ethanol
13 29 blended gasoline or biodiesel fuel, as applicable. However,
13 30 the sticker is not required to be affixed to an unmarked
13 31 vehicle used for purposes of providing law enforcement or
13 32 security.

13 33 Sec. 36. Section 364.20, Code 2007, is amended to read as
13 34 follows:

13 35 364.20 MOTOR VEHICLES REQUIRED TO OPERATE ON ETHANOL

14 1 BLENDED GASOLINE OR BIODIESEL FUEL.
14 2 A gasoline-powered motor vehicle purchased or used by a
14 3 city to provide city services shall not operate on gasoline
14 4 other than ethanol blended gasoline as defined in section
14 5 214A.1. A diesel-powered motor vehicle purchased or used by a
14 6 city to provide city services shall not operate on diesel fuel
14 7 other than biodiesel fuel as defined in section 214A.1, if
14 8 available. The motor vehicle shall also be affixed with a
14 9 brightly visible sticker which notifies the traveling public
14 10 that the motor vehicle is being operated on ethanol blended
14 11 gasoline or biodiesel fuel, as applicable. However, the
14 12 sticker is not required to be affixed to an unmarked vehicle
14 13 used for purposes of providing law enforcement or security.
14 14 Sec. 37. Section 904.312A, subsection 1, Code Supplement
14 15 2007, is amended to read as follows:
14 16 1. A gasoline-powered motor vehicle purchased by the
14 17 department shall not operate on gasoline other than ethanol
14 18 blended gasoline as defined in section 214A.1. A
14 19 diesel-powered motor vehicle purchased by the department shall
14 20 not operate on diesel fuel other than biodiesel fuel as
14 21 defined in section 214A.1, if available. A state-issued
14 22 credit card ~~used to purchase gasoline~~ shall not be valid to
14 23 purchase gasoline other than ethanol blended gasoline, or to
14 24 purchase diesel fuel other than biodiesel fuel, if available.
14 25 The motor vehicle shall also be affixed with a brightly
14 26 visible sticker which notifies the traveling public that the
14 27 motor vehicle is being operated on ethanol blended gasoline or
14 28 biodiesel fuel, as applicable. However, the sticker is not
14 29 required to be affixed to an unmarked vehicle used for
14 30 purposes of providing law enforcement or security.

EXPLANATION

14 32 BACKGROUND. This bill amends Code provisions relating to
14 33 renewable fuel and specifically biofuels used in motor fuels,
14 34 including ethanol (ethyl alcohol) and biodiesel (derived from
14 35 vegetable oils or animal fats). Ethanol is blended into
15 1 gasoline and biodiesel is used without blending or by blending
15 2 into diesel fuel. The bill refers to biodiesel and biodiesel
15 3 blended fuel and "biodiesel fuel". The bill also refers to
15 4 the percentage of biofuel contained in a gallon of motor fuel
15 5 as E=xx where "xx" equals the percentage of ethanol by volume
15 6 and B=xx equals the percentage of biodiesel by volume.
15 7 Generally, motor fuel pumps and motor fuel are regulated by
15 8 the department of agriculture and land stewardship.

DIVISION I == RENEWABLE FUEL INFRASTRUCTURE.

15 10 The bill amends Code provisions relating to infrastructure
15 11 associated with the storage, blending, and dispensing of
15 12 renewable fuel and specifically programs administered by the
15 13 renewable fuel infrastructure board (see Code section 15G.202)
15 14 established within the department of economic development and
15 15 supported by moneys appropriated from the grow Iowa values
15 16 fund (see Code section 15G.111(7)). The programs include the
15 17 renewable fuel infrastructure programs for retail motor fuel
15 18 sites (see Code section 15G.203) and biodiesel terminal
15 19 facilities (see Code section 15G.204) which provide grants on
15 20 a cost-share basis to participating persons.

15 21 CONSIDERATION OF APPLICATIONS. The bill strikes a
15 22 provision requiring the underground storage tank board to
15 23 review applications for financial incentives under the
15 24 programs.

15 25 BLENDER PUMPS. The bill provides for a new type of motor
15 26 fuel pump referred to as a motor fuel blender pump (blender
15 27 pump) which dispenses a blend of different types of motor fuel
15 28 and may allow a retail customer to select the percent of
15 29 biofuel, either ethanol or biodiesel, which may be dispensed
15 30 or blended into motor fuel. The bill expands the renewable
15 31 fuel infrastructure program to provide financing to support
15 32 the installation, replacement, or conversion of infrastructure
15 33 associated with using a blender pump to dispense ethanol
15 34 blended gasoline or biodiesel fuel.

15 35 TANK VEHICLES. The bill provides that a tank vehicle
16 1 operated by a retail dealer qualifies for renewable fuel
16 2 infrastructure so long as it is limited to the tank and fuel
16 3 pump used to store, blend, or dispense the renewable fuel.

16 4 FINANCING ARRANGEMENTS. The bill divides financing for
16 5 improvements to infrastructure associated with storing,
16 6 blending, and dispensing ethanol or ethanol blended gasoline
16 7 and infrastructure associated with improving infrastructure
16 8 associated with storing, blending, or dispensing biodiesel
16 9 fuel (i.e., biodiesel blended fuel).

16 10 A participating person may execute two cost-share
16 11 agreements: (1) to receive up to the full amount available to

16 12 improve their retail motor fuel site with ethanol
16 13 infrastructure, and (2) to receive up to the full amount
16 14 available to improve the same retail motor fuel site with
16 15 biodiesel infrastructure.

16 16 For ethanol infrastructure the amount of the financing is
16 17 increased from 50 to 70 percent of the cost of making the
16 18 improvement with a ceiling amount increased from \$30,000 to
16 19 \$50,000. For biodiesel infrastructure, the amount of the
16 20 financing is based on a cost=share agreement schedule, with
16 21 the same increased ceiling. According to the schedule, the
16 22 amount of financing is based on the amount of biodiesel
16 23 contained in the diesel fuel, ranging from 50 percent of the
16 24 cost of making an improvement for biodiesel fuel classified
16 25 from B=2 to B=5 to 70 percent for biodiesel fuel classified
16 26 B=20 or higher.

16 27 BIODIESEL TERMINALS. The bill amends provisions relating
16 28 to the renewable fuel infrastructure program for biodiesel
16 29 terminals, by increasing the amount that a participating
16 30 person is eligible to receive from \$50,000 to \$100,000 for
16 31 installing improvements to store and dispense B=99 to B=100,
16 32 and provides that the infrastructure board cannot approve an
16 33 award to a terminal totaling more than \$1,000,000. For making
16 34 improvements to terminals used to store and dispense biodiesel
16 35 less than B=99, the bill retains the current limitations of 50
17 1 percent of the cost of making the improvement or \$50,000,
17 2 whichever is less.

17 3 AUTHORIZATION TO USE BLENDER PUMPS. The bill amends Code
17 4 section 455G.31 which allows the state fire marshal to approve
17 5 the installation of infrastructure associated with storing and
17 6 dispensing E=85. The bill provides that such infrastructure
17 7 includes blender pumps.

17 8 APPLICATIONS. The bill provides that the infrastructure
17 9 board may award financial incentives as provided in the bill
17 10 to participating persons who submitted an application to
17 11 receive financial incentives under either program on or after
17 12 February 19, 2008.

17 13 INCREASING THE BLEND OF ETHANOL IN ETHANOL BLENDED
17 14 GASOLINE. The bill requires the secretary of agriculture to
17 15 make application to the United States environmental protection
17 16 agency to obtain approval for the use of an increased
17 17 percentage of ethanol in ethanol blended gasoline for use in
17 18 motor vehicles other than flexible fuel vehicles, and to
17 19 publish notice of the approval in the Iowa administrative
17 20 bulletin.

17 21 EFFECTIVE DATE. Division I of the bill takes effect upon
17 22 enactment.

17 23 DIVISION II == GOVERNMENT FLEET PURCHASES OF BIODIESEL
17 24 FUEL. The bill amends a number of provisions that currently
17 25 require state and local government gasoline-powered vehicles
17 26 to operate using ethanol blended gasoline, and prohibits the
17 27 use of a state-issued credit card to purchase gasoline other
17 28 than ethanol blended gasoline by state agencies. The bill
17 29 provides that state and local diesel-powered vehicles must use
17 30 biodiesel fuel whenever available and prohibits the use of a
17 31 state-issued credit card to purchase diesel fuel other than
17 32 biodiesel fuel by state agencies. State and local governments
17 33 affected include the department of administrative services
17 34 (Code chapter 8A), the department for the blind (Code chapter
17 35 216B), community colleges (Code chapter 260C), the board of
18 1 regents (Code chapter 262), school districts (Code chapter
18 2 279), the state department of transportation (Code chapter
18 3 307), counties (Code chapter 331), cities (Code chapter 364),
18 4 and the department of corrections (Code chapter 904). The
18 5 bill may create a state mandate as provided in Code chapter
18 6 25B.

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